

Weekly Alert

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Welcome to 2019 issue 32 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Financial Secretary Announces Measures to Support Enterprises and Residents

To counter the challenging external and local economic environment, on 15 August 2019, the Financial Secretary (“FS”) announced several measures to support enterprises, safeguard jobs and relieve people’s burden.

For tax concession measures, the 75% tax reduction on salaries tax, tax under personal assessment and profits tax for the year of assessment 2018/19 will be increased to 100% but limited to HK\$20,000. The FS estimated that about 1.43 million taxpayers (of which 1.33 million taxpayers will have all taxes waived) will benefit from a further saving of HK\$1.84 billion.

The Government will propose amendments to the Inland Revenue (Amendment) (Tax Concessions) Bill 2019 in October 2019 to implement the abovementioned enhanced tax concession proposal. Tax demand notes for the year of assessment 2018/19 will be issued by the Inland Revenue Department (“IRD”) after passage of the Bill by Legislative Council.

FS Announces Measures to Support Enterprises and Residents

<https://www.ird.gov.hk/eng/ppr/archives/19081501.htm>

2. Stamp Duty Statistics

On 9 August 2019, the IRD released the statistics on Special Stamp Duty (“SSD”), Buyer’s Stamp Duty (“BSD”) and Doubled Ad Valorem Stamp Duty (“DSD”)/New Residential Stamp Duty (“NRSD”) for July 2019. The IRD collected SSD of HK\$19.2 million, BSD of HK\$500.9 million and DSD/NRSD of HK\$1,314 million in July 2019.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2019/3d072019.pdf>

TAX – International

1. **OECD Releases First Stage 2 Monitoring Reports for BEPS Action 14 on Improving Tax Dispute Resolution Mechanisms**

On 13 August 2019, the Organisation for Economic Co-operation and Development (“OECD”) released the first Stage 2 peer review monitoring reports for Base Erosion and Profit Shifting (“BEPS”) Action 14 on improving tax dispute resolution mechanisms.

Six jurisdictions namely, Belgium, Canada, the Netherlands, Switzerland, United Kingdom and the United States were covered in the Stage 2 monitoring reports. Each of the six jurisdictions decreased the amount of time needed to close Mutual Agreement Procedure (“MAP”) cases and five of the six jurisdictions met the sought-after 24-month average timeframe to close MAP cases.

OECD Releases First Stage 2 Monitoring Reports for BEPS Action 14 on Improving Tax Dispute Resolution Mechanisms

<http://www.oecd.org/tax/oecd-releases-first-stage-2-monitoring-reports-for-beps-action-14-on-improving-tax-dispute-resolution-mechanisms.htm>

RSM Tax Advisory (Hong Kong) Limited

RSM Hong Kong's dedicated and experienced tax specialists can:

- Advise on tax efficient holding and operational structures for new cross-border investment, including the formation of Hong Kong and Chinese business entities.
- Review existing cross-border investment structures, advise on identified deficiencies, quantify any potential exposure from such deficiencies, and further advise on restructuring approach and procedures.
- Assist clients to discuss and clarify matters with tax officials, including transfer pricing and advance rulings.
- Act as client representative in tax audits and tax investigations.
- Provide transaction support services on mergers and acquisitions, including tax due diligence, deal structure advice, tax health checks, related human resources arrangements and other tax compliance and consultation services.
- Advise on human resources and structuring employment arrangements in a tax-efficient manner.
- Advise on tax equalization schemes.
- Provide tax compliance services for individual and corporate clients in Hong Kong and China.

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